

(6) **PENALTY.** Violations of this rule or any order issued thereunder shall subject the person to section 601.64, Wis. Stats., or other applicable statute.

**History:** Cr. Register, October, 1971, No. 190, eff. 11-1-71.

**Ins 6.13 Public Inspection of Records and Reports.** (1) **PURPOSE.** The purpose of this rule is to specify which records of the office of the commissioner of insurance are not open to public inspection under section 601.46 (4), Wis. Stats.

(2) **DEFINITIONS.** As used in this rule:

(a) "Records" includes all reports and writings required or authorized by law to be filed, deposited, or kept at the office of the commissioner of insurance or which are in his lawful possession or control.

(b) "Reports" includes all reports made, issued, or submitted by the commissioner of insurance under section 601.46 (3), Wis. Stats.

(c) "Writing" means handwriting, typewriting, printing, photostating, photographing, electronic recording, and every other means of recording any form of communication or representation.

(3) **LIMITATIONS ON PUBLIC INSPECTION.** (a) *Procedure.* Records shall be open to public inspection during usual business hours and in such a manner as not to interfere with the efficient and orderly operation of the office of the commissioner of insurance.

(b) *Statutory limitations.* Public inspection shall be denied or limited with respect to records within the purview of section 66.77 (3), Wis. Stats., and any other statute limiting inspection.

(c) *Other limitations.* Except as provided in paragraph (b), all records shall be open to public inspection except:

1. A record which is the work product of an employee in the office of the commissioner of insurance or a person contracting with the commissioner of insurance to provide such record, unless and until such record becomes a public record by operation of other statute or rule.

2. A record whose disclosure would reveal the identity of an informant who furnished information pursuant to a pledge of confidentiality.

3. A record received on a confidential basis from another governmental agency.

4. A record which is a part of a current investigation which may result in administrative, legal or criminal action or which relates to any such pending action, if the disclosure of such record would impede or frustrate such investigation or action.

5. A record whose disclosure would unduly damage a person's reputation so as to outweigh the public interest in disclosure.

6. A record whose disclosure would result in such harm to the public interest as to outweigh the public benefit to be gained by granting inspection.

(4) **JUSTIFICATION FOR REFUSING INSPECTION.** Whenever the commissioner is requested in writing to provide the reasons for his refusing a demand to inspect a particular record, he shall specifically state the reasons for such refusal.

(5) **EXCEPTIONS.** Nothing contained herein shall prevent the commissioner from furnishing a record when required to do so by a

proper court order or when requested to do so by a public officer in the official discharge of his duties, under such safeguards as may be appropriate.

**History:** Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Ins 6.20 Investments of insurance companies.** (1) **PURPOSE.** The purpose of this rule is to implement and interpret chapter 620, Wis. Stats., for the purpose of establishing procedures and requirements for investments of insurance companies.

(2) **SCOPE.** This rule shall apply to all insurers subject to chapter 620, Wis. Stats.

(3) **DEFINITIONS.** As used in this rule:

(a) "Fixed charges" includes interest on all debt, and amortization of debt discount.

(b) "Net earnings available for fixed charges" means income after allowance for operating and maintenance expenses, depreciation and depletion, and taxes other than federal and state income taxes, but without allowance for extraordinary nonrecurring items of income or expense appearing in the regular financial statements of the issuing company. If the issuing company has acquired, prior to the date of investment, substantially all the assets of another company by purchase, merger, consolidation or otherwise, the net earnings available for fixed charges of the other company for the portion of the test period that preceded acquisition may be included in accordance with a consolidated earnings statement covering the period.

(c) "Net earnings available for fixed charges and dividends" shall be determined in the same manner as "net earnings available for fixed charges" but after allowance for federal and state income taxes.

(d) "Preferred dividend requirements" include dividends at the maximum prescribed rate on all stock ranking as to dividends on parity with or prior to that being acquired, whether or not the dividends are cumulative.

(e) "Real estate" or "real property" includes leaseholds.

(4) **GENERAL LIMITATIONS ON RESTRICTED INSURERS.** No insurer restricted under section 620.03, Wis. Stats., may invest thereafter in any of the following classes of assets except by permission of the commissioner:

(a) Any securities of an issuer who has defaulted on any payment on any debt security within the previous 5 years; or

(b) Any asset under section 620.22 (8), Wis. Stats.

(5) **SPECIAL LIMITATIONS ON RESTRICTED INSURERS.** No insurer restricted under section 620.03, Wis. Stats., shall invest:

(a) *Evidences of indebtedness.* In evidences of indebtedness under section 620.22 (1), Wis. Stats., unless they are lawfully authorized and:

1. They are rated Aaa, Aa, or A in Moody's Bond Ratings, or AAA, AA, or A in Standard and Poor's Service; or

2. They are evidences of indebtedness of a municipally owned public utility of this state created pursuant to section 3 of article XI of the constitution, and the net book value of the property pledged as security for the bonds has been established or approved by the public service commission and the total issue of the bonds does not exceed 50% of the net book value of such property; or

3. They are payable from revenues of a public utility or railroad owned by or held for the benefit of any governmental unit in the United States or Canada, if they are adequately secured by mortgage or lien on property or by specific pledge or revenues, and lawful authorizing resolutions or ordinance of the governing body of the unit require that during the life of the evidence of indebtedness the rates, fees, tolls or charges together with any other revenues pledged shall at all times produce revenues sufficient to pay all expenses of operation and maintenance, interest as promised and the principal sum when due; or

4. They are evidences of indebtedness of public utilities in the United States or Canada and are either adequately secured by mortgage, pledge or other collateral, or have had net earnings available for fixed charges that for the previous 3 fiscal years have averaged per year not less than  $1\frac{1}{2}$  times the average annual fixed charges; or

5. They are evidences of indebtedness of a United States or Canadian private corporation, and they are either adequately secured by mortgage, pledge or other collateral, or are issued by a corporation which has had net earnings available for fixed charges that have averaged for the previous 5 years and equalled for each of the previous 2 years an annual amount which exceeded average annual fixed charges by at least 50%, or 25% in the case of corporations engaged primarily in wholesale or retail merchandising, installment, commercial and consumer financing, factoring or small loan business.

(b) *Equipment securities.* In equipment securities or in certificates of an equipment trust under subsection (8) (b) of this rule unless the obligor's net earnings have averaged at least 2 times its average annual fixed charges for the previous 3 years.

(c) *Real estate loans.* In real estate loans:

1. On the security of encumbered property, but property shall not be deemed encumbered because of unpaid but not delinquent assessments and taxes, mineral, oil or timber rights, easements for public highways, private roads, railroads, telegraph, telephone, electric light and power lines, drains, sewers or other similar easements, liens for service and maintenance of water rights when not delinquent, party wall agreements, building restrictions, or other restrictive covenants or conditions, with or without a reversionary clause, or leases under which rents or profits are reserved to the owner;

2. In excess of  $\frac{2}{3}$  of the fair market value, including buildings covered by the mortgage. If the value of buildings constitute part of the security, the buildings must be insured adequately to protect the insurer's security interest. The  $\frac{2}{3}$  limitation shall not apply to any loan fully insured by a federal insurance corporation; nor

3. On the security of a leasehold interest in real property unless it is unencumbered except by rentals owed to the owner of the fee, has at least 25 years yet to run, and then for no more than 50% of the fair market value of the leasehold less the present value of all rentals due upon it to the owner of the fee.

(d) *Preferred shares.* In preferred shares unless the issuing company has had, disregarding fixed charges on indebtedness and divi-

dend requirements on preferred stock for the retirement of which provision has been made at the date of the investment, net earnings:

1. Available for fixed charges and dividends that during the previous 5 fiscal years have averaged not less than twice the sum of the

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a. The minimum level of benefits to be provided by the succeeding carrier shall be the applicable level of benefits of the prior carrier's plan reduced by any benefits payable by the prior plan.

b. Coverage must be provided by the succeeding carrier until at least the earliest of the following dates:

i) The date the individual becomes eligible under the succeeding carrier's plan as described in subparagraph 1. above.

ii) For each type of coverage, the date the individual's coverage would terminate in accordance with the succeeding carrier's plan provisions applicable to individual termination of coverage (e.g., at termination of employment or ceasing to be an eligible dependent, as the case may be).

iii) In the case of an individual who was totally disabled, and in the case of a type of coverage for which subsection (6) requires an extension or accrued liability, the end of any period of extension or accrued liability which is required of the prior carrier by subsection (6) or, if the prior carrier's policy or contract is not subject to that section, would have been required of that carrier had its policy or contract been subject to subsection (6) at the time the prior plan was discontinued and replaced by the succeeding carrier's plan.

3. In the case of a pre-existing conditions limitation included in the succeeding carrier's plan, the level of benefits applicable to pre-existing conditions of persons becoming covered by the succeeding carrier's plan in accordance with this subsection during the period of time this limitation applies under the new plan shall be the lesser of

a. The benefits of the new plan determined without application of the pre-existing conditions limitation; and

b. The benefits of the prior plan.

4. The succeeding carrier, in applying any deductibles or waiting periods in its plan, shall give credit for the satisfaction or partial satisfaction of the same or similar provisions under a prior plan providing similar benefits. In the case of deductible provisions, the credit shall apply for the same or overlapping benefit periods and shall be given for expenses actually incurred and applied against the deductible provisions of the prior carrier's plan during the 90 days preceding the effective date of the succeeding carrier's plan but only to the extent these expenses are recognized under the terms of the succeeding carrier's plan and are subject to a similar deductible provision.

5. In any situation where a determination of the prior carrier's benefit is required by the succeeding carrier, at the succeeding carrier's request the prior carrier shall furnish a statement of the benefits available or pertinent information, sufficient to permit verification of the benefit determination or the determination itself by the succeeding carrier. For the purposes of this section, benefits of the prior plan will be determined in accordance with all of the definitions, conditions, and covered expense provisions of the prior plan rather than those of the succeeding plan. The benefit determination will be made as if coverage had not been replaced by the succeeding carrier.

(8) **EFFECTIVE DATE.** This rule shall apply to all insurance policies

and subscriber contracts subject to the rule which are issued or renewed on or after January 1, 1973.

**History:** Cr. Register, October, 1972, No. 202, eff. 11-1-72.

**Ins 6.52 Biographical data relating to company officers and directors.** (1) **PURPOSE.** This rule is intended to implement and interpret sections 611.13 (2), 611.54 (1) (a), 611.57, 618.11 (4) and 618.21 (1) (b), Wis. Stats., for the purpose of setting standards for the reporting of biographical data relating to company officers, directors, promoters and incorporators, or other persons similarly situated.

(2) **SCOPE.** This rule shall apply to all persons proposing to form an insurer under the laws of this state and to all nondomestic insurers applying for admission to this state and to all insurers authorized to do business in this state except as follows:

(a) Town mutual insurance companies.

(b) Domestic fraternal benefit societies.

(c) Nonprofit service plans, cooperatives sickness care plans organized or operating under sections 185.981 to 185.985, Wis. Stats., voluntary benefit plans organized or operating under section 185.991 and motor club service companies organized or operating under sections 201.71 to 201.82, Wis. Stats., and donor annuity societies.

(3) **REPORT OF ORGANIZATION OF A DOMESTIC INSURER OR ADMISSION OF A NONDOMESTIC INSURER.** Biographical information in form and substance substantially in accordance with Form A, shown at the end of this rule, shall be furnished to the commissioner of insurance by all promoters, incorporators, directors, trustees and principal officers or proposed directors and principal officers, as the case may be, of an insurer being organized or of an insurer applying for admission. Financial and character reports of any such persons may be ordered by the commissioner and the cost or expense of such reports shall be paid by the incorporators as an organization expense or by the insurer when organized or by the insurer applying for admission.

(4) **DEFINITION OF OFFICERS.** The term "officer" as used in this rule shall include the president, one or more vice presidents, secretary, treasurer, chief actuary, general counsel, comptroller and any person, however described, who enjoys in fact the executive authority of any such officers.

(5) **REPORTING WITH RESPECT TO NEW OFFICERS AND DIRECTORS SUBSEQUENT TO ORGANIZATION OR ADMISSION.** A report shall be provided by each insurer to which this rule applies with respect to the appointment or election of any new director, trustee or officer elected or appointed within 15 days after such appointment or election. Such report shall be prepared by the company in form and substance substantially in accordance with Form B, shown at the end of this rule.

(6) **SUBSEQUENT REPORTS.** When such a report has been provided to the commissioner by a company in accordance with subsections (3) and (5) of this rule, no further report concerning subsequent changes in his status as an officer or director of such company need be reported to the commissioner provided, however, the company shall promptly report to the commissioner any information concerning the conviction of an officer or director for a felony or the naming of a director, trustee or officer, other than as a party plaintiff or com-

plainant, in any criminal action or in a civil action in which fraud was an issue.

(7) **ADDITIONAL INFORMATION.** The commissioner may request from any company such additional information with respect to any of its officers or directors as he may deem necessary and such request shall be promptly complied with by the company to which such request is directed.

FORM A

STATEMENT OF EDUCATION, PRIOR OCCUPATION,  
BUSINESS EXPERIENCE AND SUPPLEMENTARY  
INFORMATION

STATE OF \_\_\_\_\_:

ss:

COUNTY OF \_\_\_\_\_:

The undersigned, being first duly sworn upon oath deposes and says:

1. The affiant's full name is (initials not acceptable):
2. The affiant's official title and principal duties with the insurance company is or will be:
3. The affiant's business address is:  
Telephone:
4. The affiant's residence address is:  
Telephone:
5. The affiant's age is:  
Sex \_\_\_\_\_ Birthplace \_\_\_\_\_  
Birthdate \_\_\_\_\_ Social Security No. \_\_\_\_\_
6. The affiant was never known by any other name(s) other than that shown above, except as follows (state such other name(s), when used, reason for change, and date of adoption of present name):
7. The affiant will subscribe to or owns, beneficially or of record the following amount of shares of stock of the insurance company and the consideration given for same:
8. The affiant states that his capital investment in the insurance company was not obtained from borrowed funds, except as follows:
9. The nature and tenure of each occupation or employment of the affiant for the last ten years prior to the date of this statement is as follows (present a continuous schedule, including time spent at educational institutions, and period of employment):

Beginning Date	Name and Address of Employer or School	Business Capacity or Title	Termination Date	Reasons for Termination
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10. The affiant's educational history is as follows (include all schools attended of the college or graduate level):

Name and Address of Institution	Course	Attendance No. Years/Dates	Degree Received	Date of Degree
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11. The affiant has never been convicted of a felony, except as follows:

12. The affiant has never been named in a criminal or civil action in which fraud was an issue, except as follows:

13. The affiant is not an officer or director and has no other relationship with any other insurer which has the effect of lessening competition substantially or in which such insurers have material adverse interests except as follows:

\_\_\_\_\_  
(Signature of Affiant)

Subscribed and sworn before me,  
a Notary Public, this \_\_\_\_\_  
day of \_\_\_\_\_, 19 \_\_\_\_.

\_\_\_\_\_  
Notary Public

(SEAL)

My commission expires: \_\_\_\_\_

FORM B

BIOGRAPHICAL SKETCH  
DIRECTOR OR OFFICER

NAME OF COMPANY (OR COMPANIES):

ADDRESS OF COMPANY:

NAME:

RESIDENCE ADDRESS:

TITLE AND FUNCTIONS:

DATE OF APPOINTMENT OR ELECTION:

AGE \_\_\_\_\_ SEX \_\_\_\_\_ SOCIAL SECURITY NO. \_\_\_\_\_

DATE OF BIRTH \_\_\_\_\_ PLACE OF BIRTH \_\_\_\_\_

DURATION OF EMPLOYMENT WITH COMPANY:

LAST PREVIOUS OCCUPATION OR EMPLOYMENT: (1)

RELATIONSHIPS WITH OTHER INSURERS WHICH HAVE THE EFFECT OF LESSENING COMPETITION SUBSTANTIALLY OR IN WHICH THIS INSURER AND SUCH INSURERS HAVE MATERIAL ADVERSE INTERESTS:

OTHER: (2)

(1) In the case of a director who is not otherwise an employe ("outside director") so indicate under "TITLE AND FUNCTIONS" and show here the principal occupation.

(2) Add any additional information, such as the use of aliases or a conviction of an officer for a felony or the naming of an officer, other than as a party plaintiff or complainant in any criminal action or in a civil action in which fraud was an issue.

\_\_\_\_\_  
Signature of person reporting for the company

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Title

History: Cr. Register, June, 1973, No. 210, eff. 7-1-73.

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